

From: mary@popehandy.com [mailto:mary@popehandy.com]
Sent: Monday, October 24, 2005 9:10 PM
To: ATR-Real Estate Workshop
Cc: FTCDOJworkshop@realtors.org
Subject: "Competition and the Real Estate Workshop" -- Comment, Project
No. V050015

Antitrust Division
U.S. Department of Justice
Liberty Place, Suite 300
Attention: Lee Quinn
325 7th Street, NW
Washington, DC 20530

October 24, 2005

Dear Lee Quinn,

I'm writing in response to the Department of Justice's contention that the real estate industry is not competitive enough. This is badly off-mark. Please allow me to explain.

My "market" is Silicon Valley, with about 1.2 million people and about 12,000 real estate licensees (of which approximately 8,000 are Realtors, meaning that they are members of the national, state, and local boards who abide by a code of ethics). At this writing we have approximately 4 licensees per listing - so the number of agents vastly outweighs the number of homes for sale. This alone tells you that the industry, at least where I work, is tremendously competitive. (Part of the inflation of the number of agents has to do with the high-tech job losses and the mistaken idea that real estate sales is easy money. Half of the practitioners will leave within 18 months, though, usually because they simply cannot survive the high expenses and even higher level of competition.)

The public often perceives all licensees as pretty much the same - sort of like shopping for apples in the produce section. Experienced agents will tell you that they learn something on every transaction, though, and try to make a point to the public that knowing what you're doing (and being able to try to dodge pitfalls as well as make the seller the most money) has a value. So we as a group are constantly trying to improve our skills and our services to differentiate ourselves and to improve the client's experience - which usually results in better referral and repeat business. To lay open my own books with you on this point, each year I spend appx. \$2200 on memberships (to the real estate associations/boards, the MLS, to groups with offer designations and ongoing training). Additionally I take extra classes each year and attend conferences to improve my knowledge and skills - usually running about \$300 per course and about a thousand if I attend a conference. My web prese!
nce alone

My point in the frank discussion of costs is that if it were NOT so competitive, we would not kill ourselves with the expenses to begin with. Additionally, in my market place we have every sort of real estate choice available to the public, from limited-service models (one of the flat-fee brokers does NOT put the home on the MLS and does not permit a buyer to have his or her own agent, it is only dual agency - I think *that* is bad for the public), from flat-fee brokers, to the Help U Sell or Assist To Sell models (which are like for sale by owner but with a little limited assistance), to companies or individuals that may offer various "plans" (silver, gold or platinum - you pick which services you want and our charges change), to full-service brokerages such as my own, which do not encourage discounting but it

may happen in select cases. We have tremendous downward pressure on commissions while our expenses continue to rise. (Folks tend to say, "your houses are so expensive that you should charge less" but they forget, we have to live in those expensive houses ourselves and our living costs are sky-high too. It's!

all rela

I would encourage all of you who are studying this to talk to your friends and relatives who are in the business and ask them about the level of competition. I cannot speak for the whole country, but can tell you point blank that in my market, the competition is fierce.

Lastly, if you really want to protect the public, as we all do, I would suggest your looking into the practice of mandatory dual agency, which is found in new home construction sales and in some of the limited services models of real estate brokerage. Actually some of them have mandatory dual agency and some ONLY represent the seller and do not allow the buyer to have an agent of his/her own. Now there's a place where consumers could use some protection. And in terms of the MLS, I pay about \$700 to support this database and do not see why I should pay for something and have others use it for free. It is not a free database, it costs money that Realtors and other member licensees pay to keep maintained. I should no more be required to share this than you would be to share something you alone pay to maintain. Please feel free to call me on my toll-free number if you'd like to discuss any of this: 877-397-5391.

Sincerely yours,

Mary Pope-Handy, Realtor
CRS, ABR, e-PRO, SRES, ASP, RECS
A Trusted Guide, Helping Nice Folks to Buy & Sell Homes in Silicon Valley
Since 1993

Co-Author: "Get The Best Deal When Selling Your Home In Silicon Valley"
Intero Real Estate Services
518 N. Santa Cruz Avenue
Los Gatos, CA 95030
408 357-5760 (Direct); 408 204-7673 (Cell)
408 715-0201 (eFax)
www.PopeHandy.com; www.ValleyOfHeartsDelight.com
emailto: Mary@PopeHandy.com